

EXHIBIT 3

Schedule K-1
(Form 1065)

2008

Department of the Treasury
Internal Revenue Service
For calendar year 2008, or tax
year beginning _____, 2008
ending _____, 2008

Partner's Share of Income, Deductions,
Credits, etc. ► See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number	[REDACTED]
B Partnership's name, address, city, state, and ZIP code	Highland Capital Management, L.P. Two Galleria Tower 13455 Noel Road, Suite 800 Dallas, TX 75240
C IRS Center where partnership filed return	Ogden
D <input type="checkbox"/> Check if this is a publicly traded partnership (PTP)	

Part II Information About the Partner

E Partner's identifying number	[REDACTED]
F Partner's name, address, city, state, and ZIP code	JOHN YANG [REDACTED]
G <input type="checkbox"/> General partner or LLC member-manager	<input checked="" type="checkbox"/> Limited partner or other LLC member
H <input checked="" type="checkbox"/> Domestic partner	<input type="checkbox"/> Foreign partner
I What type of entity is this partner?	Individual
J Partner's share of profit, loss, and capital (see instructions):	Beginning Ending
Profit	VARIOUS
Loss	VARIOUS 0.720703%
Capital	0.700286% -117.207327%

K Partner's share of liabilities at year end:	
Nonrecourse	\$
Qualified nonrecourse financing	\$ 66,831
Recourse	\$

L Partner's capital account analysis:	
Beginning capital account	\$ 4,715,894
Capital contributed during the year	\$
Current year increase (decrease)	\$ (5,011,640)
Withdrawals & distributions	\$ (630,740)
Ending capital account	\$ (926,486)

Tax basis GAAP Section 704(b) book
 Other (explain)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss) (3,936,322)	15 M	Credits 793
2	Net rental real estate income (loss) (3,079)		
3	Other net rental income (loss) 1	16 A	Foreign transactions VARIOUS
4	Guaranteed payments	B	1,905,705
5	Interest income 19,335	C	93,906
6a	Ordinary dividends 16,745	D	841
6b	Qualified dividends 90	E	127,315
7	Royalties	G	95,206
8	Net short-term capital gain (loss) 25,731	*	STMT
9a	Net long-term capital gain (loss) 19,075	17 A	Alternative minimum tax (AMT) items 26
9b	Collectibles (28%) gain (loss) D		(575)
9c	Unrecaptured section 1250 gain STMT	E	(26)
10	Net section 1231 gain (loss) 580	18 A	Tax-exempt income and nondeductible expenses 1,488
11	Other income (loss) A	C	4,360
*	(214)		
C	(119,292)		
*	STMT	19 A	Distributions 630,740
12	Section 179 deduction		
13	Other deductions A	20 A	Other information SEE STMT
H	834		
*	10,242	B	SEE STMT
14	Self-employment earnings (loss) STMT		
*See attached statement for additional information.			
For IRS Use Only			

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

1. **Ordinary business income (loss).** Determine whether the income (loss) is passive or nonpassive and enter on your return as follows.

	<i>Report on</i>
Passive loss	See the Partner's Instructions
Passive income	Schedule E, line 28, column (g)
Nonpassive loss	Schedule E, line 28, column (h)
Nonpassive income	Schedule E, line 28, column (j)
2. Net rental real estate income (loss)	See the Partner's Instructions
3. Other net rental income (loss)	
Net income	Schedule E, line 28, column (g)
Net loss	See the Partner's Instructions
4. Guaranteed payments	Schedule E, line 28, column (j)
5. Interest income	Form 1040, line 8a
6a. Ordinary dividends	Form 1040, line 9a
6b. Qualified dividends	Form 1040, line 9b
7. Royalties	Schedule E, line 4
8. Net short-term capital gain (loss)	Schedule D, line 5, column (f)
9a. Net long-term capital gain (loss)	Schedule D, line 12, column (f)
9b. Collectibles (28%) gain (loss)	28% Rate Gain Worksheet, line 4 (Schedule D instructions)
9c. Unrecaptured section 1250 gain	See the Partner's Instructions
10. Net section 1231 gain (loss)	See the Partner's Instructions
11. Other income (loss)	
Code	
A Other portfolio income (loss)	See the Partner's Instructions
B Involuntary conversions	See the Partner's Instructions
C Sec. 1256 contracts & straddles	Form 6781, line 1
D Mining exploration costs recapture	See Pub. 535
E Cancellation of debt	Form 1040, line 21 or Form 982
F Other income (loss)	See the Partner's Instructions

12. **Section 179 deduction**

13. **Other deductions**

A Cash contributions (50%)	See the Partner's Instructions
B Cash contributions (30%)	
C Noncash contributions (50%)	
D Noncash contributions (30%)	
E Capital gain property to a 50% organization (30%)	
F Capital gain property (20%)	Form 4952, line 1
G Contributions (100%)	Schedule E, line 18
H Investment interest expense	See the Partner's Instructions
I Deductions—royalty income	Schedule A, line 23
J Section 59(e)(2) expenditures	Schedule A, line 28
K Deductions—portfolio (2% floor)	Schedule A, line 1 or Form 1040, line 29
L Deductions—portfolio (other)	See the Partner's Instructions
M Amounts paid for medical insurance	
N Educational assistance benefits	See the Partner's Instructions
O Dependent care benefits	Form 2441, line 14
P Preproductive period expenses	See the Partner's Instructions
Q Commercial revitalization deduction from rental real estate activities	See Form 8582 instructions
R Pensions and IRAs	See the Partner's Instructions
S Reforestation expense deduction	See the Partner's Instructions
T Domestic production activities information	See Form 8903 instructions
U Qualified production activities income	Form 8903, line 7
V Employer's Form W-2 wages	Form 8903, line 15
W Other deductions	See the Partner's Instructions

14. **Self-employment earnings (loss)**

Note. If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.

A Net earnings (loss) from self-employment	Schedule SE, Section A or B
B Gross farming or fishing income	See the Partner's Instructions
C Gross non-farm income	See the Partner's Instructions
15. Credits	
A Low-income housing credit (section 42(j)(5)) from pre-2008 buildings	See the Partner's Instructions
B Low-income housing credit (other) from pre-2008 buildings	See the Partner's Instructions
C Low-income housing credit (section 42(j)(5)) from post-2007 buildings	Form 8586, line 11
D Low-income housing credit (other) from post-2007 buildings	Form 8586, line 11
E Qualified rehabilitation expenditures (rental real estate)	See the Partner's Instructions
F Other rental real estate credits	Form 1040, line 68; check box a
G Other rental credits	Form 6478, line 9
H Undistributed capital gains credit	
I Alcohol and cellulosic biofuel fuels credit	

<i>Code</i>	<i>Report on</i>
J Work opportunity credit	Form 5884, line 3
K Disabled access credit	See the Partner's Instructions
L Empowerment zone and renewal community employment credit	Form 8844, line 3
M Credit for increasing research activities	See the Partner's Instructions
N Credit for employer social security and Medicare taxes	Form 8846, line 5
O Backup withholding	Form 1040, line 62
P Other credits	See the Partner's Instructions
16. Foreign transactions	
A Name of country or U.S. possession	
B Gross income from all sources	Form 1116, Part I
C Gross income sourced at partner level	
Foreign gross income sourced at partnership level	
D Passive category	
E General category	Form 1116, Part I
F Other	
Deductions allocated and apportioned at partner level	
G Interest expense	Form 1116, Part I
H Other	Form 1116, Part I
Deductions allocated and apportioned at partnership level to foreign source income	
I Passive category	
J General category	Form 1116, Part I
K Other	
Other information	
L Total foreign taxes paid	Form 1116, Part II
M Total foreign taxes accrued	Form 1116, Part II
N Reduction in taxes available for credit	Form 1116, line 12
O Foreign trading gross receipts	Form 8873
P Extraterritorial income exclusion	Form 8873
Q Other foreign transactions	See the Partner's Instructions
17. Alternative minimum tax (AMT) items	
A Post-1986 depreciation adjustment	
B Adjusted gain or loss	
C Depletion (other than oil & gas)	
D Oil, gas, & geothermal—gross income	
E Oil, gas, & geothermal—deductions	
F Other AMT items	
18. Tax-exempt income and nondeductible expenses	
A Post-1986 depreciation adjustment	See the Partner's Instructions and the instructions for Form 6251
B Adjusted gain or loss	
C Depletion (other than oil & gas)	
D Oil, gas, & geothermal—gross income	
E Oil, gas, & geothermal—deductions	
F Other AMT items	
19. Distributions	
A Cash and marketable securities	
B Other property	See the Partner's Instructions
C Distribution subject to section 737	
20. Other information	
A Investment income	Form 4952, line 4a
B Investment expenses	Form 4952, line 5
C Fuel tax credit information	Form 4136
D Qualified rehabilitation expenditures (other than rental real estate)	See the Partner's Instructions
E Basis of energy property	See the Partner's Instructions
F Recapture of low-income housing credit (section 42(j)(5))	Form 8611, line 8
G Recapture of low-income housing credit (other)	See Form 4255
H Recapture of investment credit	See the Partner's Instructions
I Recapture of other credits	
J Look-back interest—completed long-term contracts	See Form 8697
K Look-back interest—income forecast method	See Form 8866
L Dispositions of property with section 179 deductions	
M Recapture of section 179 deduction	
N Interest expense for corporate partners	
O Section 453(l)(3) information	
P Section 453A(c) information	
Q Section 1260(b) information	
R Interest allocable to production expenditures	
S CCF nonqualified withdrawals	
T Depletion information—oil and gas	
U Amortization of reforestation costs	
V Unrelated business taxable income	
W Precontribution gain (loss)	
X Other information	